

2810561

Provincial Assessors Limited

Report and Financial Statements

For the year ended 31 December 2002



Provincial Assessors Limited

Registered No: 2810561

Directors

I Wardle
J S Leigh

Secretary

J M Colton

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG8 1FY

Registered Office

James House
55 Welford Road
Leicester
LE2 7AR

The directors present their annual report, together with the financial statements and auditors' report for the year ended 31 December 2002.

Principal activity and business review

The principal activity of the company is that of accident damage assessment and reporting.

The directors consider the level of trading to be satisfactory for the year to 31 December 2002.

On 13 November 2001, the UK group's ultimate parent company (ANC Rental Corporation, a US company) filed voluntary petitions for reorganisation under Chapter 11 of the US Bankruptcy Code. This was as a consequence of the immediate impact of the September 11th terrorist incidents upon the airport related operations of the US rent a car industry. These petitions did not include any ANC operations outside the US. The protection of Chapter 11 is expected to allow the US business to reorganise its operations and finances. The US business has continued to trade throughout, and the operations of the UK group have been substantially unaffected.

The UK directors have reviewed the financial position, current trading, forecasts and available borrowing facilities of the UK group (both in respect of overdraft and vehicle financing facilities), and have concluded that the application of the going concern assumption remains appropriate in preparing these accounts. Further details are set out in the Statement of Accounting Policies.

Results and dividends

The audited financial statements for the year ended 31 December 2002 are set out on pages 6 to 12.

The directors do not recommend the payment of a dividend (2001 - £nil).

Directors and their interests

The directors who served during the year and subsequently are as follows:

I Wardle
J S Leigh

No director held any beneficial interest in shares or debentures of the company, its fellow subsidiaries or parent company at 31 December 2002 or at 31 December 2001.

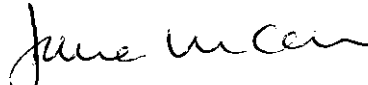
Directors' Report

Auditors

Arthur Andersen resigned as the company's auditor on 1 October 2002. Ernst & Young were appointed on 4 October 2002. The directors will place a resolution to reappoint Ernst & Young for the ensuing year before the annual general meeting.

James House
55 Welford Road
Leicester
LE2 7AR

By order of the Board


J M Colton

Secretary

26 February 2003

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the shareholders of Provincial Assessors Limited

We have audited the financial statements of Provincial Assessors Limited for the year ended 31 December 2002, which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the shareholders of Provincial Assessors Limited

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31 December 2002 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', is written in dark ink.

Ernst & Young LLP
Registered Auditors
Nottingham

26 February 2003

Profit and Loss Account

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	467,800	584,850
Cost of sales		(223,922)	(260,806)
Gross profit		243,878	324,044
Administrative expenses		(31,102)	(37,697)
Profit on ordinary activities before taxation	3	212,776	286,347
Retained profit for the financial year	8	212,776	286,347

All turnover and profit arose entirely from continuing activities.

There were no recognised gains or losses in either year other than that shown in the profit and loss account above.

The accompanying notes are an integral part of this profit and loss account.

Balance Sheet

at 31 December 2002

	Notes	2002 £	2001 £
Current assets			
Debtors	6	1,456,537	1,243,761
Net assets		<u>1,456,537</u>	<u>1,243,761</u>
Capital and reserves			
Called-up share capital	7	2	2
Profit and loss account	8	1,456,535	1,243,759
Equity shareholders' funds	9	<u>1,456,537</u>	<u>1,243,761</u>

The financial statements were approved by the board of directors and signed on its behalf by:

J S Leigh

Director

I Wardle

Director

26 February 2003

The accompanying notes are an integral part of this balance sheet.

Notes to the Financial Statements at 31 December 2002

1. Accounting policies

Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

On 13 November 2001, the UK group's ultimate parent company (ANC Rental Corporation, a US company) filed voluntary petitions for reorganisation under Chapter 11 of the US Bankruptcy Code with the US Bankruptcy Court in Wilmington, Delaware. These petitions did not include any ANC operations outside the US. The protection of Chapter 11 is expected to allow the US business to reorganise its operations and finances, under the protection of the Bankruptcy Court in respect of pre petition liabilities. The US business has continued to trade throughout.

The operations of the UK group have been substantially unaffected by the situation in the US, and the UK directors expect this to continue. In order to secure the independent financial position of the UK group, the UK directors have obtained a new bank overdraft facility of £20 million as a working capital facility. The UK group also continues to have the support of its largest vehicle finance providers.

The US parent has, with the approval of the US Bankruptcy Court, confirmed that no repayment of balances due to it by the UK group as at 13 November 2001, will be sought, and such amounts have been subordinated in favour of the UK overdraft lender and the UK vehicle finance providers. Receivables and payables arising from trading after 13 November 2001, will continue to be settled in the normal course of business.

The UK directors have reviewed the financial position, current trading, forecasts and available borrowing facilities of the UK group (both in respect of overdraft and vehicle financing facilities), and have concluded that the application of the going concern assumption remains appropriate in preparing these accounts.

Turnover

Turnover represents the gross amount receivable from inspection fees, exclusive of value added tax. The business is operated entirely within the United Kingdom.

Notes to the Financial Statements at 31 December 2002

1. Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Where possible, the company will take advantage of group relief provisions to offset taxable profits against taxable losses arising in other group undertakings in the period. No payment is made in respect of the surrender of such losses.

Deferred taxation is provided in full on timing differences that arise in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs and other post-retirement benefits

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular cost are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group in separate trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either accruals or prepayments in the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Cash flow statement

The company has elected to utilise the exemption provided by Financial Reporting Standard No.1 (Revised) and has not prepared a cash flow statement on the basis that the financial statements of the company's ultimate parent undertaking, ANC Rental Corporation, a company registered in the United States of America, are publicly available.

Exemption from preparing Group financial statements

Consolidated financial statements have not been prepared as the company has taken advantage of the exemption provided in Section 228 of the Companies Act 1985, as the company is a wholly owned subsidiary of a parent incorporated within the European Community.

Notes to the Financial Statements

at 31 December 2002

1. Accounting policies (continued)

Related party transactions

The company has taken advantage of the exemption offered under Financial Reporting Standard No. 8 not to disclose related party transactions within a group whose consolidated financial statements are available to the public. There are no other related party transactions requiring disclosure in the period.

2. Turnover

All turnover originates within the United Kingdom and relates to its principal activity.

3. Profit on ordinary activities before taxation

Audit fees are borne by other group companies.

4. Staff costs

The average monthly number of employees (including executive directors) was:

	2002 Number	2001 Number
Technical	4	5

Their aggregate remuneration comprised:

	2002 £	2001 £
Wages and salaries	102,066	113,833
Social security costs	9,696	12,071
Other pension costs	18,601	17,932
	<u>130,363</u>	<u>143,836</u>

Directors' remuneration, interests and transactions

The emoluments of the directors are borne by other group undertakings and no specific charges are received by the company in respect of their services to the company. The amount of the directors' emoluments which are deemed to be in respect of their services to the company is £nil (2001 – £nil).

5. Tax on profit on ordinary activities

No tax charge arises in the year due to the availability of group relief (2001 – £nil). There is no unprovided deferred taxation at either year end.

Notes to the Financial Statements at 31 December 2002

6. Debtors

	2002 £	2001 £
Amounts owed by group undertakings	1,448,537	1,238,761
Other debtors	8,000	5,000
	<u>1,456,537</u>	<u>1,243,761</u>

7. Called-up share capital

	2002 £	2001 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called-up and fully-paid</i>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

8. Reserves

	2002 £	2001 £
<i>Profit and loss account</i>		
At beginning of year	1,243,759	957,412
Retained profit for the year	212,776	286,347
At end of year	<u>1,456,535</u>	<u>1,243,759</u>

9. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	212,776	286,347
Opening shareholders' funds	<u>1,243,761</u>	<u>957,414</u>
Closing shareholders' funds	<u>1,456,537</u>	<u>1,243,761</u>

Notes to the Financial Statements

at 31 December 2002

10. Pension scheme

The company is a participating employer of a funded defined benefit pension scheme established by ANC Rental Corporation Limited known as the ANC Rental Pension Scheme.

Information on the ANC Rental Pension scheme is contained in the ANC Rental Corporation (Holdings) Limited financial statements for the year ended 31 December 2002.

Additional disclosures regarding the group defined benefit pension scheme are required under the transitional provisions of "FRS 17 Retirement benefits". In accordance with FRS 17, the company will account for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the assets and liabilities in the scheme on a consistent and reasonable basis. The latest actuarial valuation of the scheme, prepared for the purposes of making the transitional disclosures in accordance with FRS 17 in the consolidated financial statements of the parent undertaking, ANC Rental Corporation (Holdings) Limited, shows a deficit of £2,916,000 (2001 – surplus of £2,446,000). Further details of this valuation can be found in the financial statements of the parent undertaking.

11. Ultimate parent undertaking and controlling party

The company's ultimate parent company and controlling party is ANC Rental Corporation, a company registered in the United States of America.

The largest group into which the company's results are consolidated is ANC Rental Corporation, the financial statements of which are available to the public from The Secretary, ANC Rental Corporation (Holdings) Limited, James House, 55 Welford Road, Leicester, LE2 7AR. The smallest group into which the company's results are consolidated is that headed up by ANC Rental Corporation (Holdings) Limited.

Copies of the financial statements of ANC Rental Corporation (Holdings) Limited for the period ended 31 December 2002 are available from The Secretary, ANC Rental Corporation (Holdings) Limited, James House, 55 Welford Road, Leicester, LE2 7AR.